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United States Attorney McGregor W. Scott
Eastern District of California

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**MORTGAGE FRAUD: FIVE INDICTED, TWO ARRESTED FROM SACRAMENTO
AREA CONSPIRACY; DAVIS MAN PLEADS GUILTY IN ANOTHER SCHEME**

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott announced that late yesterday afternoon a federal grand jury returned an eight-count indictment charging ROBERT MARTINSON, 45, of Newcastle, California; his wife, SHERYL HAYDEN, 41, also of Newcastle; KATHLEEN DELAPP, 44, of Auburn, California; MELISSA VILLEGAS, 34, of Sacramento; and her husband RICK VILLEGAS, 31, of Sacramento, with conspiracy to commit bank fraud and other related charges in a mortgage fraud scheme.

This case is the product of an extensive joint investigation by the Federal Bureau of Investigation and the Department of the Treasury, Internal Revenue Service—Criminal Investigations, and the California Department of Real Estate.

According to Assistant United States Attorney Russell L. Carlberg, who is prosecuting the case, the indictment alleges that the defendants schemed to defraud mortgage lenders by submitting fraudulent loan applications in the names of straw buyers and other investors.

HAYDEN was licensed as a real estate salesperson. She and MARTINSON operated a branch of MAC Real Estate Services at 7031 Watt Avenue, North Highlands, California. MARTINSON and HAYDEN also owned and controlled “Sheryl’s LLC,” which they also operated from the same location. Beginning in 2003, MARTINSON and HAYDEN purchased dozens of homes throughout the Sacramento area as investment properties and placing title to them in “Sheryl’s

LLC.” In 2005, MARTINSON and HAYDEN wanted to unload properties from Sheryl’s LLC as the housing market began to slow, so they recruited straw buyers and others to purchase the homes.

According to the indictment, co-defendants RICK and MELISSA VILLEGAS, who were loan processors, helped MARTINSON create fraudulent loan applications to ensure that the deals would close. They also assisted MARTINSON and HAYDEN in paying substantial kickbacks to at least one straw buyer.

DELAPP was a loan processor for MAC Real Estate Services, and was an account executive for Aegis Mortgage. DELAPP used her position with MAC Real Estate Services to forge signatures and to knowingly forward at least one false loan application in order to ensure the transactions were processed. She also placed the majority of loans with her employer, Aegis Mortgage, for which she received loan broker commissions or related compensation. Defendants also defrauded IndyMac Bank, a federally insured financial institution.

According to the indictment, after the lenders funded the loans, MARTINSON and HAYDEN, through Sheryl’s LLC, would receive substantial loan proceeds from the sales of the homes. DELAPP, RICK VILLEGAS, and MELISSA VILLEGAS would receive fees and other compensation as a result of the fraud.

HAYDEN was arrested today on these charges. RICK VILLEGAS surrendered to the United States Marshals today; MARTINSON and MELISSA VILLEGAS were previously arrested on criminal complaints in this case and released on bond.

The maximum statutory penalty in this case is 30 years in prison and a \$1,000,000 fine. The actual sentence, however, will be determined at the discretion of the court after

consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

The charges are only allegations and the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

United States Attorney McGregor W. Scott also announced today that in another mortgage fraud matter, PAUL BRIDGE, 43, of Davis, California, pleaded guilty yesterday to paying an illegal referral fee of \$7,500 in violation of the Real Estate Settlement Procedures Act of 1974 (RESPA). The fee was paid in connection with the financing of a home through Zone Funding in November 2006. As part of his plea, BRIDGE admitted that between January 2006 and April 2006, he paid a loan coordinator at Long Beach Mortgage (later Washington Mutual) at least \$1500 in exchange for the loan coordinator to falsify documents used in real estate loan transactions. BRIDGE faces a maximum sentence of 12 months in prison and a fine of \$10,000. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

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